

Chapter 7. REORGANIZATION PROCEDURES

Changes in the state government organizational structure may be necessary to achieve greater economy, efficiency, and improved administration. These changes can include the creation, alteration or abolition of any organizational unit or administrative body and the transfer of functions, personnel, funds, equipment, facilities, and records from one organizational unit or administrative body to another. The legal framework for reorganizations is found in [KRS 12.028](#).

PROCESS and TIMELINES

1. A reorganization packet (detailed in the following section), which contains an executive order must be submitted to the Governor's Office of Policy and Management (GOPM) sixty (60) days prior to the effective date of the reorganization. Reorganization packets effected by an administrative order must be submitted thirty (30) days prior to the effective date.

Minor Reorganization Requests – From time to time agencies require minor internal organizational changes to reflect program shifts or to accommodate internal management policy. These minor requests usually involve changing the title of a particular entity to more accurately reflect its function and role in the agency. For example, changing the title of a section from "Procedures Section" to "Quarterly Audits Section" may show that the specific role of this section is to now conduct quarterly audits. Changing the title of an entity involves the same administrative procedure as a reorganization.

2. To prevent an overlap with personnel increment dates, which occur on the first of the month, reorganizations should be effective on the sixteenth (16th) of the month.
3. Submit both an original hardcopy and electronic copy of the reorganization packet to: Office of the State Budget Director/Governor's Office for Policy and Management (OSBD/GOPM), Room 284, Capitol Annex, Attention: Larissa Watson; email electronic copies to Larissa.Watson@ky.gov

Ms. Watson is the contact for each agency submitting a request and serves as the OSBD/GOPM liaison for reorganizations with the Personnel Cabinet and the Governor's General Counsel Office. Ms. Watson can be reached at (502) 564-7300 for questions or assistance relating to the reorganization process.

4. GOPM will forward a copy of the reorganization packet to the Personnel Cabinet. If additional documentation is necessary, GOPM will notify the initiating agency.
5. Upon approval by GOPM and the Personnel Cabinet, GOPM will forward a copy of the executive order and reorganization plan to the Governor's General Counsel. The Governor's General Counsel will prepare the executive order for signature, assign the identification number and file the order with the Secretary of State's office.

GOPM will forward a copy of the signed and filed executive order to the initiating agency and the Personnel Cabinet.

6. Once the official review and approval process is complete, GOPM will forward approval letters from both GOPM and the Personnel Cabinet to the initiating agency where upon receipt, the agency may begin implementation of the reorganization on or after the approved effective date listed in the order.
7. GOPM will forward a complete copy of the final reorganization packet to the Finance and Administration Cabinet, Division of Statewide Accounting Services and the Legislative Research Commission's Budget Review office.

REORGANIZATION PACKET

The following documents make up a reorganization packet and are necessary to change the organizational structure of an agency:

1. **Executive and/or Administrative Order** – a reorganization packet may or may not require both an executive and administrative order.
 - a. An **Executive Order** is the directive that affects only the top organizational levels of government, which include cabinets, departments or offices, and divisions. An executive order is signed by the Governor or constitutional (elected) officer and is submitted with the reorganization packet unsigned.

Pursuant to KRS 12.028, an executive order signed by the Governor or other constitutional officers become statutory law when ratified by the next session of the General Assembly. An executive order signed in the interim has only temporary legal effects. For this reason, it is essential for the agency to translate the signed executive order into a legislative bill for review at the next session of the General Assembly through their legislative liaison. Once the bill is passed by the General Assembly, the reorganization bill will become law, validating the agency's new organizational structure, ninety (90) days after *sine die* adjournment, unless otherwise stated. In the event a reorganization bill is not ratified, the agency must revert to its original structure ninety (90) days after adjournment of the General Assembly, unless a revised reorganization packet is submitted and approved. The revised reorganization plan must be significantly different than the non-ratified reorganization bill and have an effective date within ninety (90) days after the adjournment of the General Assembly.

- b. An **Administrative Order** is the directive that affects only the lower levels of government, which include branches, sections, and units. An administrative order is signed by the cabinet secretary, constitutional (elected) official or independent agency head and must be signed at the time the reorganization packet is submitted for approval.

The administrative order is numbered by the agency and must carry a numerical designation by calendar year for identification. For example, the first administrative order for an agency in calendar year 2007 should be titled "Administrative Order 2007-01", the next order in the same cabinet would be 02, 03, etc...

2. [Cover Letter](#) addressed to the Office of the State Budget Director/Governor's Office for Policy and Management (OSBD/GOPM) from the cabinet secretary, constitutional (elected) official, or independent agency head, authorizing agency approval of proposed changes.

The letter must include the name of the agency contact person who has detailed knowledge about the request and can make changes throughout the approval process, if necessary.

3. [Reorganization Plan](#) is a detailed description of the a) Summary of Plan, b) Fiscal Impact, c) Personnel Impact, and d) Net Effect. The description should clearly explain each proposed change as a result of the reorganization, including the need for the change, an estimate of any reduction or increase in expenditures, a description of any improvements in the management, delivery of services, and efficiency of operations, and any effect on the budget and personnel of each affected organizational unit, including but not limited to the amount of funds, number of employees that will be transferred and/or laid off; new positions and promotions; and, any reduction or increase in expenditures.

The plan should also detail estimated cost by source of funds, categories of personnel costs, operating expenses, capital outlay or fund transfers, additional space requirements, and what groups outside the agency, if any, might be affected or interested in the reorganization.

If the reorganization is due to a federal program change, the plan should include an explanation of how the federal alteration requires change on the state level and related administrative orders should be attached.

4. [Current Organizational Chart](#) depicting the organizational structure by name as it exists in the Personnel Cabinet system, prior to the reorganization, the organizational structure number, and the number of positions (filled or vacant) in each organizational structure. Employee names and titles should not be shown on the chart.
5. [Proposed Organizational Chart](#) depicting the organizational structure by name, the organizational structure number, and the number of positions (filled or vacant) in each organizational structure as it will exist upon implementation of the reorganization. Employee names and titles should not be shown on the chart.
6. [Checklist of Changes Relating to Reorganization](#) provides specific information relating to the reorganization, including the agency contact person and contact number. The information provided on this form must agree completely with the effects of the executive and/or administrative orders and the reorganization plan. The agency contact person should be the same individual identified in the cover letter, who has detailed knowledge about the request and can make changes throughout the approval process, if necessary.
7. [Structural From-To Crosswalk](#) lists the current name and 13-digit organizational structure number of each entity that is affected by the reorganization and specifies the action being taken by the reorganization (abolish, establish or rename); and, any proposed organizational structure being established by the reorganization and the

new 13 digit organizational number being assigned. Organizational structure numbers for cabinets and departments cannot be reused. For questions regarding organizational structure numbers available for use, contact the Personnel Cabinet, Division for Employee Management at (502) 564-6464.

8. [Position From-To Crosswalk](#) lists the vacancy and/or employee name, current 16-digit position number, title, and the new 16-digit position number for all positions being affected by the reorganization, which requires that a new position number be assigned.

A reorganization involving only a name change to an organizational structure does not require a list of positions in the structure because there is no change in the position numbers.

9. [Budget From-To Crosswalk](#) must be provided if the proposed reorganization moves budgets, funds, and/or personnel across agency programs, defined as budgetary allotment and appropriation units.
10. [Chart of Accounts From-To Crosswalk](#) must be provided to show the appropriation, allotment, and function codes along with accounting strings associated with funds which are being affected within the organization.

Personnel Actions Resulting from Reorganizations

The following principles should be considered when processing personnel actions as a result of any reorganization:

1. If reorganization results in the abolishment or combining of one or more entities, all positions in those organizational entities must be addressed in the reorganization plan. This can be accomplished by:
 - moving the positions to a new organizational entity indicated in the reorganization order;
 - moving the positions to a different organizational entity indicated in the reorganization order; or,
 - promotion, transfer, demotion or layoff.
2. Employees who are in positions that are given a position number change due to reorganization will be moved in their current classification with their current position description on the effective date of the reorganization. No position will be reclassified to a different classification on the effective date of the reorganization.
3. If there is a permanent and material change in the duties and responsibilities of the position after the position is moved, the agency should redefine the position and submit a P-1 and revised position description to the Personnel Cabinet for approval to reclassify the position based on the new duties and responsibilities. This action should occur within two pay periods after the effective date of the reorganization.

4. In the event that a change is made to a classification plan on the same effective date as the reorganization, and the change necessitates the reallocation of a position effected by the reorganization, the agency must mark off the names of the affected individuals from the Excel spreadsheet received from the Personnel Cabinet, Processing and Records Branch, and prepare an electronic P-1. The P-1 must be submitted within seven (7) days of the effective date to accommodate both actions. For questions, contact the Personnel Cabinet, Classification and Compensation at (502) 564-5300.